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DEPARTMENT FOR NEA/ELA, NEA/I, and EEB

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SUBJECT: Two-Day Strike by Truckers Results in Some Fuel Shortages;
Mixed Views on Bid Process to Ship Iraqi Oil

Ref: A) Amman 2381
B) Amman 2354
C) Amman 1789

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11. (SBU) Summary: Sixty-five Jordanian oil transportation companies held a two-day strike on November 13 and 14 in protest of what they consider to be low transportation fees paid by the Jordan Petroleum Refinery Company (JRPC) and an alleged unfair bidding process for the transport of oil from Iraq to Jordan's domestic refinery. Abdul Kareem Dirabani, President of the Union of Transportation Trucks Owners (UTTO) representing the companies, said JRPC's administration had refused to negotiate on fees, but, in his view, allegations of corruption involving the bid for transporting Iraqi oil were unfounded. JRPC reported it did not consider the strike to be a significant event. The strike, which ended when JRPC's CEO met with UTTO and reached an undisclosed deal, initially resulted in isolated shortages of fuel supplies in Amman and the southern cities of Kerak and Tafilah. Fuel shortages, however, persist, which most observers attribute to gas station owners who refused to sell existing fuel stocks following the November 15 decision to lower consumer fuel prices in accordance with market rates, the seventh decrease since August (Ref B). End Summary.

12. (U) Sixty-five Jordanian oil transportation companies began a two-day strike at noon on November 13 to protest what they considered to be low fees for the transport of oil from the port of Aqaba to the Jordan Petroleum Refinery Company (JRPC) in Zarqa. The participants indicated during a November 9 meeting that the strike would take place unless JRPC consented to their demands for an increase in the per ton transportation rates for the 216-mile trip from Aqaba to Zarqa. The group further demanded the expansion of eligible bidders for the contract for transportation of crude oil from Iraq to Jordan to allow more than just one company, current contractor Al-Abraj, to take part. Following the June visit to Jordan of Iraqi Prime Minister Maliki, the flow of discounted oil from Iraq resumed, albeit at a trickle (Ref C). Oil is trucked to the border and then off-loaded to Jordanian trucks for the rest of the trip to the refinery.

13. (U) UTTO President Abdul Kareem Dirabani said the decision to strike was in direct response to JRPC's refusal to meet to discuss the UTTO-signed contract on oil transportation. Dirabani explained UTTO signed a contract with JRPC in March 2008, which used a pre-set formula to calculate trucking fees based on market prices for the trucks' diesel fuel. He claimed this approach caused union members to lose money as fees are adjusted retroactively and when world oil prices fell, the companies were paid based on the most recent rate.

¶4. (SBU) Dirabani disputed union members' allegations of corruption regarding the deal to transport Iraqi oil from the shared border to the Zarqa refinery, saying the Ministry of Energy and Mineral Resources (MEMR) handled the bidding process for oil transportation with transparency. Only one company, however, Al-Abraj, was able to meet MEMR's conditions -- providing JD7 million (\$9.2 million) as a deposit guarantee -- and therefore accept the risks associated with transporting oil from Iraq. Al-Abraj representatives counter that the bid was won "by the book" through the MEMR process. Regardless, Dirabani considers the deal as insignificant, noting that, "barely 30 oil trucks crossed the borders daily" (Ref A).

¶5. (SBU) The truckers further demanded that JRPC address the issue of contamination of oil loaded at the Port of Aqaba. Water often seeps into the oil from the sea-going transport ships and the truckers/transportation companies are held accountable. As a result truckers are being paid only for the amount of oil that remains after draining the water.

¶6. (SBU) The strike, resulting in some isolated fuel shortages in Amman and the southern cities of Kerak and Tafilah, ended November 15 when JRPC's CEO met with union members. JRPC will reportedly adjust transportation rates, using an undisclosed formula, so that truckers are not financially penalized when market prices drop. Fuel shortages, however, persist across the country, a combination of JRPC delivery delays as a result of the strike and gas station owners who refused to sell their stocks and lose money when the GOJ lowered fuel prices in accordance with market rates.

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